

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

|                                     |   |                      |
|-------------------------------------|---|----------------------|
| Amendment to the Commission's Rules | ) | WT Docket No. 95-157 |
| Regarding a Plan for Sharing        | ) | RM-8643              |
| the Costs of Microwave Relocation   | ) |                      |

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**PCIA CLEARINGHOUSE PLAN**

May 24, 1996

Mark Golden  
Vice-President -- Industry Affairs  
500 Montgomery Street  
Suite 700  
Alexandria, Virginia 22314  
(703) 739-0300

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## **EXECUTIVE SUMMARY**

The Wireless Telecommunications Bureau has tentatively concluded that the Personal Communications Industry Association (PCIA) should be designated to serve as the clearinghouse to administer the microwave relocation cost sharing plan. PCIA, which played a major role in the development of the cost sharing concept, has been working with a large segment of the PCS industry to prepare the detailed business plan for establishing and operating the clearinghouse which it is filing today. Because of its extensive involvement in the cost sharing and clearinghouse processes and the strong support of the PCS industry, PCIA is uniquely qualified to serve as the non-profit clearinghouse.

As the largest FCC-designated frequency coordinator, PCIA has the resources and experience to successfully administer the clearinghouse in a cost-effective manner, and a number of its members have already pledged the upfront funding necessary to begin operations. The clearinghouse will be an independent subsidiary of PCIA and membership will be open to all entities that are subject to the Commission's cost sharing rules. It will have its own manager and staff, but will also be able to take advantage of PCIA's highly trained coordinators and management information systems (MIS) specialists. PCIA has already identified a programmer who is developing the software necessary for the clearinghouse, and PCIA is prepared to begin serving as the clearinghouse immediately upon designation by the Bureau.

The clearinghouse will be governed by a fifteen member Board elected by the members. PCIA fully appreciates the need for the clearinghouse to be run in an impartial manner with strict neutrality and confidentiality, particularly with respect to

the participation of competitive providers and will ensure that such policies are followed. In furtherance of this interest, PCIA will not require participants to submit relocation agreements, but rather to supply information to the clearinghouse in a standardized format.

PCIA and its members have developed a budget for the clearinghouse based on conservative estimates of the costs to be incurred and the number of transactions, and have included a 15% contingency line item for unexpected costs. These estimates yield an initial transaction fee for funding the clearinghouse of \$2,000. However, because of the conservative nature of the estimates, more funds will likely be collected than are needed to cover expenses and repay upfront funding. To maintain its non-profit status, PCIA will review the transaction fee annually and, at dissolution, will refund to members any excess funds, consistent with Section 501(c) of the Internal Revenue Code. The continuing involvement of the eight PCS licensees who have agreed to provide the upfront funding for the clearinghouse will ensure that the clearinghouse is operated in a cost-effective manner.

In sum, PCIA has developed a clearinghouse process that will meet the needs of the PCS and microwave industries and satisfy all cost sharing requirements identified by the Commission. Parties will be notified of cost sharing liabilities through prior coordination notices (PCNs), and PCIA will work with cost sharing participants to resolve any disputes. Because PCIA is the entity best-suited to serve as the clearinghouse, PCIA urges the Wireless Bureau to formally designate PCIA as the clearinghouse on an expedited basis so that the cost sharing process can be implemented promptly.

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**PCIA CLEARINGHOUSE PLAN**

The Personal Communications Industry Association (PCIA) hereby submits its proposal for administration of the cost sharing plan adopted by the Federal Communications Commission ("FCC" or "Commission") in the Cost Sharing Proceeding<sup>1</sup> and requests that the Wireless Telecommunications Bureau expeditiously name PCIA to serve as the microwave relocation cost sharing clearinghouse.<sup>2</sup> In that recent decision, the Commission promulgated rules governing a cost sharing plan for microwave relocation costs incurred by PCS interests in the 2 GHz band that are closely based on a proposal originally developed by PCIA in July 1994. Implementation of this plan requires the creation of a clearinghouse to administer the cost sharing process, and the Commission instructed the Wireless Telecommunications Bureau to select an entity to fulfill that role.

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<sup>1</sup> First Report and Order and Further Notice of Proposed Rule Making, WT Docket No. 95-157 (Apr. 25, 1996)(hereinafter "First Report and Order").

<sup>2</sup> FCC Public Notice, "Wireless Telecommunications Bureau Solicits Business Plans from Parties Interested in Becoming the Clearinghouse that Will Administer the 2 GHz Relocation Cost-Sharing Plan," DA 96-647 (released Apr. 25, 1996).

Predicated on PCIA's early and deep involvement in development of the cost sharing rules, its breadth of related experience, and its extensive research into and preparation for the establishment of such an entity, the Wireless Bureau has tentatively concluded that PCIA is uniquely qualified to serve as the cost sharing clearinghouse. As is demonstrated in this business and operations plan, PCIA has worked with the PCS industry to develop a consensus for the creation and funding of a non-profit clearinghouse and associated mechanisms to facilitate cost sharing, and it will therefore be the most effective administrator for the cost sharing process.

**I. THE FCC'S COST SHARING PLAN WILL FACILITATE THE CLEARING OF THE PCS SPECTRUM**

In its recent Order, the Commission adopted a plan for the sharing of microwave relocation costs among PCS interests similar to that proposed by PCIA in Docket No. 90-314.<sup>3</sup> The underlying premise for the plan is that PCS interests who benefit from the relocation of a microwave link should contribute to the cost of that relocation. Cost sharing will encourage the efficient and expeditious relocation of microwave users, allowing PCS providers to deploy their services sooner. In turn,

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<sup>3</sup> Amendment of the Commission's Rules to Establish New Personal Communications Services, PCIA Petition for Partial Reconsideration, GEN Docket No. 90-314 (filed July 25, 1994); Amendment of the Commission's Rules to Establish New Personal Communications Services, PCIA Comments on Petition, GEN Docket No. 90-314 (filed Aug. 30, 1994); Amendment of the Commission's Rules to Establish New Personal Communications Services, Reply Comments of PCIA, GEN Docket No. 90-314 (filed Sept. 9, 1994).

PCS providers will save on administrative costs and accelerate fair recoupment of these expenses, while PCS service will be delivered to the public on an expedited basis. At the same time, the relocation process will be greatly simplified for microwave licensees to the extent cost sharing encourages system-wide relocations.

PCIA recognized through its work with the PCS industry in developing the cost sharing plan that an entity would be needed to administer the cost sharing process in order for the full benefits of cost sharing to be realized. Prompted by the support of its members, PCIA began exploring the possibility of serving as the clearinghouse and submitted an outline of its plan to the Commission in September 1995. Since then, PCIA has done considerable work to develop its proposals and is now fully ready to implement the clearinghouse.

## **II. PCIA IS UNIQUELY QUALIFIED TO SERVE AS THE COST SHARING CLEARINGHOUSE**

Because of its vast experience in frequency coordination and the leading role it has taken in developing the cost sharing process, PCIA is ready, willing, and able to serve immediately as the clearinghouse. PCIA is the largest FCC-designated frequency coordinator, processing over 30,000 applications for frequency assignments annually. To complete this high volume of work, PCIA has a highly trained staff, including fifteen full-time coordinators who are supported by several management information systems (MIS) specialists. In addition, PCIA has an advanced electronic delivery system that may allow clearinghouse participants to file and receive their reports

electronically. As a result of its frequency coordinator activities, PCIA clearly understands and has proven ability to meet the needs for clearinghouse confidentiality and impartiality.

PCIA has been working with the PCS industry, including both PCIA members and non-member PCS interests, since May 1995 to develop a sound clearinghouse proposal that will facilitate the relocation process. A large segment of the industry has participated in that process to ensure that it best meets the industry's needs. Moreover, PCIA has already completed much of the work necessary to begin the clearinghouse, including beginning the development of the software necessary to create a cost sharing database. Although the clearinghouse will have its own staff members, including a clearinghouse manager, it will utilize PCIA's existing coordination expertise, staffing, and databases. Like PCIA, the clearinghouse will be a non-profit entity. PCIA has developed the clearinghouse for the benefit of the PCS industry at the behest of its members and will operate the clearinghouse in a cost-effective manner.

### **III. THE CLEARINGHOUSE STRUCTURE WILL ENCOURAGE PARTICIPATION BY ALL ENTITIES SUBJECT TO THE COMMISSION'S COST SHARING RULES**

PCIA proposes that the clearinghouse be an independently incorporated subsidiary of PCIA. The clearinghouse will have its own by-laws, membership, and Board of Directors. Membership will be open to all entities that are subject to the Commission's cost sharing rules, and a fifteen member Board of Directors will be



elected from the membership. PCIA, as the incorporator of the clearinghouse, will choose the first Board of Directors. Immediately thereafter, an election by the members will be held to select a new Board. The Board will determine the general policies to govern the clearinghouse, but day-to-day management will be left to the professional staff.<sup>4</sup>

PCIA believes that this structure will allow for wide participation from all cost sharing participants. Members would attend annual members' meetings and vote for the Board of Directors. Each member would have one vote. A Board of up to fifteen members will give representation to a varied group of cost sharing participants, but is a small enough group to allow effective decision-making. Board members would have two-year staggered terms, so that one-half of the Board would be up for election each year. A president, vice-president, secretary, and treasurer would be elected from among the Board members.

Because competing service providers will be participating in the clearinghouse, it is of the utmost importance that the clearinghouse treat all parties in a non-discriminatory, even-handed fashion. PCIA believes that the proposed governing structure will ensure a sufficiently wide representation of interests so that no one group will be allowed to dominate the Board. In addition, the Board will set policy on

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<sup>4</sup> A draft of the proposed articles of incorporation and by-laws for the clearinghouse are attached as Exhibits A and B, respectively.

sensitive matters such as dispute resolution, but will take no part in the actual resolution process, which will be left to the professional staff.

As a long-time frequency coordinator, PCIA has a history of impartial coordination and a staff of coordinators and managers who fully understands the importance of maintaining neutrality. The clearinghouse will have a professional staff and will follow the guidelines laid out in this plan without regard to the parties involved. Strict neutrality is already required of and practiced by PCIA's coordination staff in the thousands of coordinations done each year, and new clearinghouse employees would likewise adhere to PCIA's strict neutrality policy. Consequently, all entities participating in cost sharing will be required to follow the same rules and will be treated in exactly the same manner.

#### **IV. PCIA HAS OR WILL ESTABLISH THE NECESSARY DATABASE SYSTEMS AND STAFF TO MANAGE THE CLEARINGHOUSE IN AN EFFICIENT AND COST-EFFECTIVE MANNER**

PCIA has spent considerable time and effort calculating the resources that will be necessary to run the clearinghouse and has found that considerable economies can be realized by utilizing some of PCIA's in-house systems and personnel, such as PCIA's existing database system. PCIA has already identified a programmer who is familiar with PCIA's system and is already engaged in the development of the software necessary for the clearinghouse on an expedited basis.

Entities that have relocated microwave systems will submit their relocation cost information in a standard format to the database. As prior coordination notices (PCN) are issued, the software PCIA is developing will determine which entities are responsible for cost sharing obligations for each such entity and calculate their share of the reimbursable costs. PCIA believes initial software development can be completed within 60 days and has already requested that the programmer begin working. PCIA has in place an advanced electronic delivery system which may be adapted to permit clearinghouse participants to file and receive the required reports electronically. The submission of relocation information and PCNs electronically or on computer disks will save both time and money -- staff members will not be required to enter the information into the database, fewer errors will need correction, and there will be no delay between submission of reports and entry into the system.

Because neutrality and confidentiality are essential, a well-trained and highly competent staff is critical to the clearinghouse's success. In addition to full-time staffing, the clearinghouse will have its own manager who will be responsible for overseeing daily operations and reporting directly to the Board of Directors. But, in order to minimize costs, the clearinghouse also will share some personnel with PCIA's other coordination activities, including coordination engineers and MIS specialists. By utilizing PCIA's coordination resources, the clearinghouse will have access to well-trained and experienced personnel as needed, but will not incur the large costs that would be required to employ such a high-quality staff full-time. The clearinghouse will

only be responsible for the cost of the time PCIA's staff devotes to clearinghouse activities.

**V. PCIA HAS CALCULATED THE COSTS OF THE CLEARINGHOUSE AND HAS SECURED THE UPFRONT FUNDING NEEDED TO BEGIN OPERATIONS**

PCIA has developed a conservative budget for the costs of administering the cost sharing process. To ensure that the clearinghouse will have sufficient funds to maintain operations, PCIA has included generous estimates of the costs to be incurred as well as including a 15% contingency line item for unexpected costs. In addition, PCIA has used a low estimate for the number of clearinghouse transactions. Based on these estimates, PCIA approximates that the operating expenses would be \$1.1 million for the first year. In addition to the continuing costs, such as salaries, rent, and other operating expenses, this estimate includes significant start-up costs for software development, hardware and software capital expenditures, legal fees, and other one-time costs. PCIA has estimated that expenses in future years would decrease dramatically with a budget of \$803,000 in Year 2, \$710,000 in Year 3, \$535,000 in Year 4, and \$467,000 in Year 5. At the end of the fifth year, PCIA would then conduct a complete evaluation of expenses and revenues and do new budget projections for the following years.

Administration costs would be paid through a transaction fee charged to clearinghouse participants, which is currently estimated at \$2,000. PCIA has based this

fee on very conservative estimates of the number of transactions to ensure that the clearinghouse receives sufficient funding, and it is likely that fees will easily cover costs. Until the frequency of transaction fee payments can generate sufficient funds to support the administrative costs, PCIA has obtained commitments from eight PCS licensees to provide initial funding: American Personal Communications, APT, BellSouth, Cox, Omnipoint, Pacific Bell Mobile Services, PCS PrimeCo, and Sprint Spectrum, L.P. As the source of upfront funding, PCS licensees have a strong incentive to develop a plan that ensures the lowest possible costs for successful implementation and operation of the clearinghouse. They support PCIA's conservative estimates so as to ensure the financial health of the clearinghouse, with a future reduction of transaction fees by the clearinghouse if excess funds are collected.

As in the case of entities providing the initial funding for UTAM, Inc., the unlicensed PCS frequency coordinator, those providing initial funding for the clearinghouse will be reimbursed through credits in the amount of their investment plus interest at the prime rate plus 4%. These credits, which may be drawn down on a prearranged schedule depending upon transaction revenues, can be used to pay each funding member's transaction fees.

The clearinghouse will have its own accounting books and records to ensure that all funds collected are spent on clearinghouse activities. In addition, the clearinghouse will be audited each year by an independent accounting firm.

The clearinghouse will operate on a non-profit basis. Because PCIA has utilized such conservative estimates, the clearinghouse will likely collect more funds than necessary to cover expenses and repay upfront funding. The clearinghouse will review the fee level annually to permit any needed adjustments based on the funds collected. Any excess funds will be used to reduce future costs so that the clearinghouse is operated on a non-profit basis. In addition, any additional funds after expenses and upfront funding are paid at dissolution will be refunded to members in accordance with the amount of fees overpaid, consistent with Section 501(c) of the Internal Revenue Code.

**VI. PCIA HAS DEVELOPED A CLEARINGHOUSE PROCESS CONSISTENT WITH THAT APPROVED BY THE COMMISSION**

Through intensive efforts involving PCIA's professional, legal, MIS, and coordination staff and key technical and business planners from PCS companies, PCIA has developed the procedures necessary for the clearinghouse to facilitate the relocation and cost sharing processes. These procedures will ensure that cost sharing entities obtain all of the benefits of the cost sharing process, while keeping expenses to a minimum.

The clearinghouse will create its database from information submitted in a standardized format by the relocating entity at the time it seeks reimbursement rights. Based on the interference proximity threshold adopted by the Commission, the clearinghouse will then identify PCS interests liable for cost sharing and entitled to

reimbursement, as it receives service providers' PCNs. Once activation of a subsequent PCS system results in identification of a cost sharing obligation (the "trigger" mechanism), the clearinghouse will notify the obligated PCS entity within 10 business days. At the same time, it will notify the relocater that a PCS entity has been identified as a cost sharing participant.

The clearinghouse will require the relocater to provide the following information to the cost sharing participant: contact name; address; telephone and facsimile numbers; equipment and tower costs; transaction costs; cost sharing obligations; payment due date; and other information as required. All clearinghouse participants will be required to designate primary and secondary contacts for the purpose of receiving clearinghouse mailings.

Clearinghouse participants will be required to keep full and complete records of all relocation costs for inspection by future cost sharing entities. These records must list such categories as: radio terminal equipment; towers and/or modifications; back-up power equipment; monitoring or control equipment; engineering costs; installation; systems testing; FCC filing costs; site acquisition and civil works; zoning costs; training; disposal of old equipment; test equipment; spare equipment; project management; PCNs; site lease renegotiation; required antenna upgrades for interference control; power plant upgrade (if required); electrical grounding systems; Heating Ventilation and Air Conditioning (if required); alternate transport equipment; and leased facilities. Subsequent PCS licensees will only be required to reimburse PCS

relocators for incumbent transaction expenses that are directly attributable to the relocation, subject to a cap of two percent of the "hard" costs of the relocation. As stated in the FCC's rules, premium payments will not be reimbursable.<sup>5</sup>

PCS entities, excluding entrepreneur licensees and UTAM, must make full payment of cost sharing obligations within 30 calendar days of notification.

Entrepreneurs and UTAM must make their initial installment payment within 30 days of notification of a cost sharing obligation and submit to the clearinghouse a payment plan consistent with the FCC's installment payment requirements.

A PCS entity which disagrees with the identified cost sharing obligation will be required to notify the clearinghouse within 30 calendar days after notification of that obligation.<sup>6</sup> A relocater will notify the clearinghouse upon receipt of cost sharing payments within 10 business days. This information will be recorded in the database for reporting and tracking purposes. The clearinghouse will update the database as reimbursement rights are transferred. As stated in the Commission's rules, parties signing private cost sharing agreements can participate in the clearinghouse for any cost sharing obligations not covered by their private agreements.<sup>7</sup>

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<sup>5</sup> See First Report and Order at App. A, ¶¶ 20-21.

<sup>6</sup> Dispute resolution procedures are discussed in Section IX, *infra*.

<sup>7</sup> First Report and Order, ¶ 77.



## **VII. PCIA RECOGNIZES THE IMPORTANCE OF CONFIDENTIALITY IN ADMINISTERING THE CLEARINGHOUSE**

PCIA is well-aware of the sensitive proprietary and competitive nature of the information for which the clearinghouse will be responsible, as well as the need to shield such information from members. The Board of Directors will set and the clearinghouse will employ necessary safeguards to ensure that this information is distributed only to those entities who require it for legitimate cost sharing purposes.

To this end, the information submitted to the clearinghouse will be treated as confidential, including vis-a-vis clearinghouse members. It will be released only to cost sharing entities which require such information to evaluate and/or support their cost sharing obligations, as appropriate. The clearinghouse will also execute a non-disclosure agreement with all such participating entities.

Parties participating in the clearinghouse will *not* be required to file their relocation agreements with the clearinghouse. Rather, documentation supporting relocation costs will be kept by each relocating entity, and the costs of relocation will be submitted to the clearinghouse in a standardized format. In addition to maintaining the confidentiality of relocation agreements, requiring clearinghouse participants to submit cost information in a standardized format is more efficient and will simplify database administration.

**VIII. PCIA'S PROPOSED CLEARINGHOUSE WOULD BE PREPARED TO BEGIN OPERATIONS IMMEDIATELY UPON FCC APPROVAL**

As the relocation process continues and with additional PCS licensees preparing to begin operations, it is critical for the success of the cost sharing process that the clearinghouse begin to function immediately. PCIA has already completed the majority of the work necessary for the clearinghouse. Although PCIA believes that the software it has designed is critical to the smooth long-term functioning of the clearinghouse, PCIA can set up the clearinghouse and begin coordination prior to the completion of the clearinghouse database. The clearinghouse could be fully operational within four months.

**IX. THE CLEARINGHOUSE WILL FACILITATE THE RESOLUTION OF ANY DISPUTES REGARDING COST SHARING OBLIGATIONS**

It is the clearinghouse's objective to help cost sharing participants resolve their disputes so that few, if any, such problems will be brought to the Commission. The clearinghouse will apply a multi-tiered approach to this challenge. Initially, all disputes regarding a cost sharing obligation must be reported to the clearinghouse within 30 days of notification of the obligation. The clearinghouse will then work with the disputing parties to determine if the problem can be resolved quickly on an informal basis. If not, the clearinghouse will strongly encourage the parties to utilize alternative dispute resolution (ADR) methods, such as mediation and/or arbitration to resolve their

differences and will recommend appropriate organizations and persons to serve as mediators and arbitrators.

Because the Commission's rules require that disputing parties submit to the clearinghouse appropriate documentation, such as independent third party appraisals, in support of their positions, it is likely that most disputes will be resolvable through such ADR measures. Only as a last resort will parties be permitted to take their difficulties to the Commission.

Because the members of the clearinghouse will likely be the same parties involved in any disputes brought to the clearinghouse, it is important that the members and Board have no role in the actual resolution of disputes. The Board of the clearinghouse will establish the dispute resolution policies and will examine those policies from time to time to ensure that they are effective. However, it will play no role in the actual dispute resolution process, which will be handled by the clearinghouse manager and other staff. PCIA believes that this is necessary to avoid any appearance of partiality. PCIA has found this model to be successful in resolving the disputes that have arisen from time to time in its frequency coordination experiences.

**X. WHEN THE CLEARINGHOUSE IS NO LONGER NEEDED TO ADMINISTER THE COST SHARING PROCESS, IT WILL BE DISSOLVED**

The clearinghouse will continue in operation until all cost sharing obligations have been satisfied and upfront funding has been repaid. The clearinghouse will then be dissolved in compliance with Virginia corporate law. Consistent with its non-profit status, the clearinghouse will adjust fees each year so that the revenue generated will not exceed what is needed for expenses and the repayment of upfront funding, and there will be little if any additional funding at dissolution. If any additional funds do remain, the clearinghouse will refund members in proportion to the transaction fees overpaid, consistent with Section 501(c) of the Internal Revenue Code.

## **XI. CONCLUSION**

For the foregoing reasons, PCIA requests that the Wireless Bureau formally designate PCIA as the frequency coordinator to establish the cost sharing clearinghouse.

Respectfully submitted,

THE PERSONAL COMMUNICATIONS  
INDUSTRY ASSOCIATION

By: Mark Golden  
Mark Golden  
Vice-President -- Industry Affairs  
500 Montgomery Street  
Suite 700  
Alexandria, Virginia 22314  
(703) 739-0300

May 24, 1996

# **EXHIBIT A**

**ARTICLES OF INCORPORATION  
OF  
THE PCIA MICROWAVE CLEARINGHOUSE  
(A VIRGINIA NONSTOCK CORPORATION)**

**THE UNDERSIGNED**, for the purpose of forming a nonstock corporation pursuant to the Commonwealth of Virginia Nonstock Corporation Act, hereby certifies that:

**FIRST:** THE PCIA MICROWAVE CLEARINGHOUSE shall be the name of the Corporation (hereinafter the "Corporation").

**SECOND:** The Corporation is to have one or more classes of members, the classes, qualifications and prerogatives of which shall be as provided in the By-Laws. Members shall not be entitled to vote except as the right to vote shall be conferred in the By-Laws or the statutes of the Commonwealth of Virginia.

**THIRD:** The affairs of the Corporation shall be managed by a Board of Directors comprised of Directors elected in the manner specified in the By-Laws of the Corporation. The Board of Directors shall be composed of the President of the Personal Communications Industry Association ("PCIA") and the elected Directors of this Corporation. The elected Directors shall consist of a number to be prescribed in the By-Laws who shall be elected by the Members; however, the initial total number of the members of the Board of Directors of the Corporation shall be no less than seven (7) and no greater than twenty-five (25). The initial Board of Directors shall be appointed by the Board of Directors of PCIA. Vacancies in the Board of Directors shall be filled as prescribed in the By-Laws of the Corporation.

**FOURTH:** The Corporation's initial registered office address which is the business address of the initial registered agent is: 500 Montgomery Street, Suite 700, Alexandria,

Virginia 22413-1561. The name of the Corporation's initial registered agent is Edward R. Parker, an individual who is a resident of the Commonwealth of Virginia and a member of the Virginia State Bar.

**FIFTH:** The Corporation shall be operated as a business league within the meaning of §501(c)(6) of the Internal Revenue Code of 1986, as now in effect or as may hereafter be amended (the "Code").

The purposes of the Corporation are: (a) to act, pursuant to the designation of the Federal Communications Commission ("FCC"), as an industry supported microwave relocation clearinghouse, to coordinate and administer the process by which the costs of relocating microwave stations from the 2 GHz band are shared among Personal Communications Services ("PCS") providers; (b) to assist in any informal dispute resolution, amongst the PCS licensees and interested parties, as required of the clearinghouse by the FCC; (c) to be representative of the broadband PCS licensees and such other parties involved in the cost-sharing process as directed by the Board of Directors; (d) to undertake such other and further obligations required by the FCC of the clearinghouse; and (e) to engage in any other lawful act or activity in furtherance for which corporations may be organized under the Virginia Non-Stock Corporation Act and Section 501(c)(6) of the Code.

In furtherance of its corporate purposes, the Corporation shall have all the general powers enumerated in §13.1-826 and §13.1-827 of the Virginia Nonstock Corporation Act, as now in effect or as may hereafter be amended.



**SIXTH:** The Corporation is not organized for profit and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, any member, Director or Officer of the Corporation, or any other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation and to make payments and distributions in furtherance of the purposes set forth in Article FIFTH hereof.

Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not directly or indirectly carry on any activity which would prevent it from obtaining exemption from Federal income taxation as a corporation described in §501(c)(6) of the Code, or cause it to lose such exempt status.

**SEVENTH:** To the fullest extent permitted by the Virginia Nonstock Corporation Act, as now in effect or as may hereafter be amended, no Officer or Director of the Corporation shall be personally liable for damages in any proceeding brought by or in the right of the Corporation, or in connection with any claim, action, suit or proceeding to which he or she may be or is made a party by reason of being or having been an Officer or Director of the Corporation, provided, however, that such relief from liability shall not apply in any instance where such relief is inconsistent with any provision of the Code applicable to corporations described in Code §501(c)(6).

**EIGHTH:** The Amendment of the Articles of Incorporation of this Corporation as well as the liquidation, dissolution or merger of the Corporation shall be required and